

FY2021

Third Quarter Financial Results

Jan. 25, 2022

DISCLAIMER

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FY2021 3Q Earnings Results (Consolidated)



Millions of Yen	FY2021	FY2021 2Q	QoQ		FY2020 3Q	YoY	
	3Q		Amount	(%)		Amount	(%)
Net Sales	64,186	67,791	-3,605	-5.3%	44,393	19,793	44.6%
Gross Profit	39,157	40,415	-1,259	-3.1%	26,646	12,511	47.0%
Gross Profit Margin	61.0%	59.6%	1.4p	-	60.0%	1.0p	-
SG&A	15,865	15,902	-37	-0.2%	13,333	2,532	19.0%
Operating Income	23,292	24,513	-1,221	-5.0%	13,313	9,979	75.0%
Ordinary Income	24,001	25,144	-1,144	-4.5%	12,761	11,240	88.1%
Ordinary Income Margin	37.4%	37.1%	0.3p	-	28.7%	8.7p	-
Income before income taxes and minority interests	23,901	25,119	-1,217	-4.8%	12,652	11,249	88.9%
Net Income	16,916	18,010	-1,094	-6.1%	9,026	7,890	87.4%

Sales: QoQ fluctuation seen due to inspection/acceptance timing. YoY increased due to high level of shipments and inspection/acceptance.

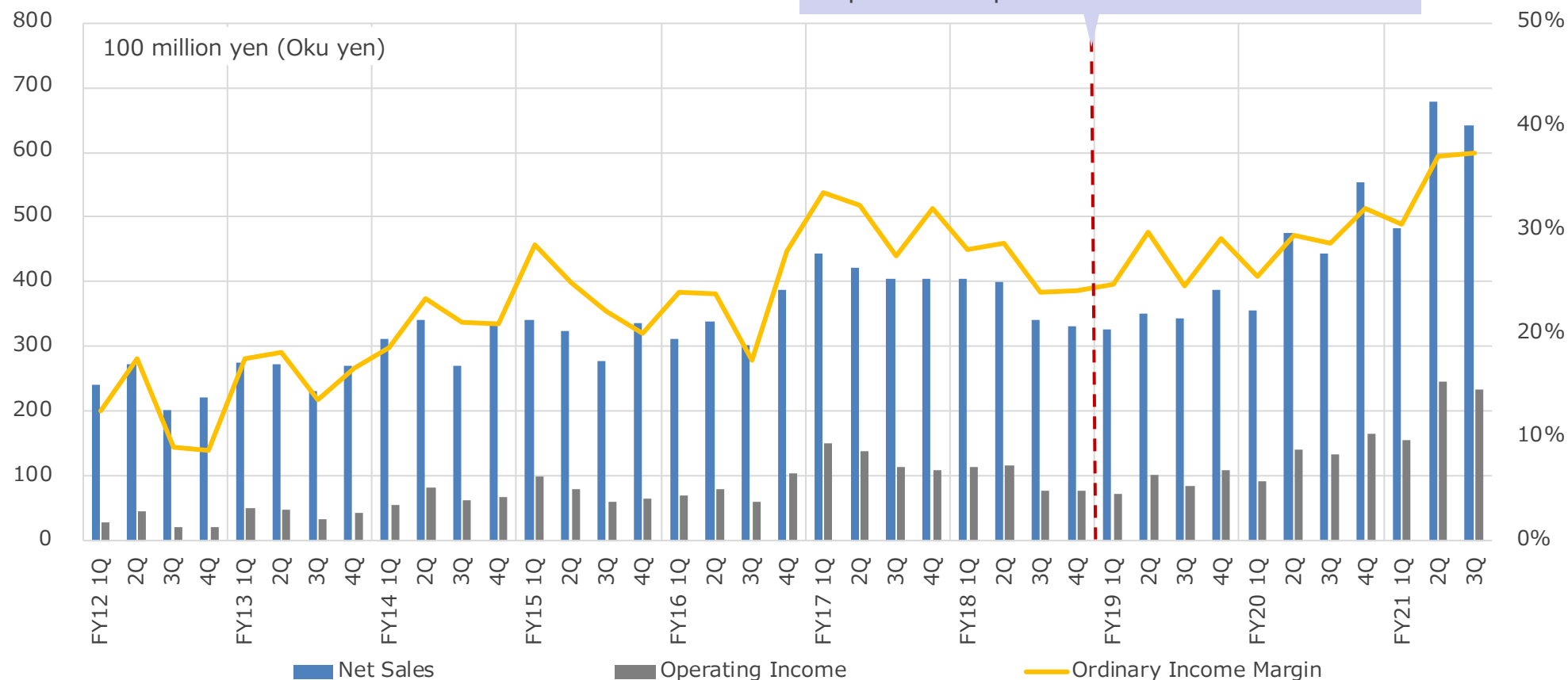
GP margin: QoQ increased mainly due to an increase in added value and the effect of exchange rates.

SG&A: QoQ remained at a high level. YoY increased mainly for performance-based expenses.

Quarterly Consolidated Financial Results

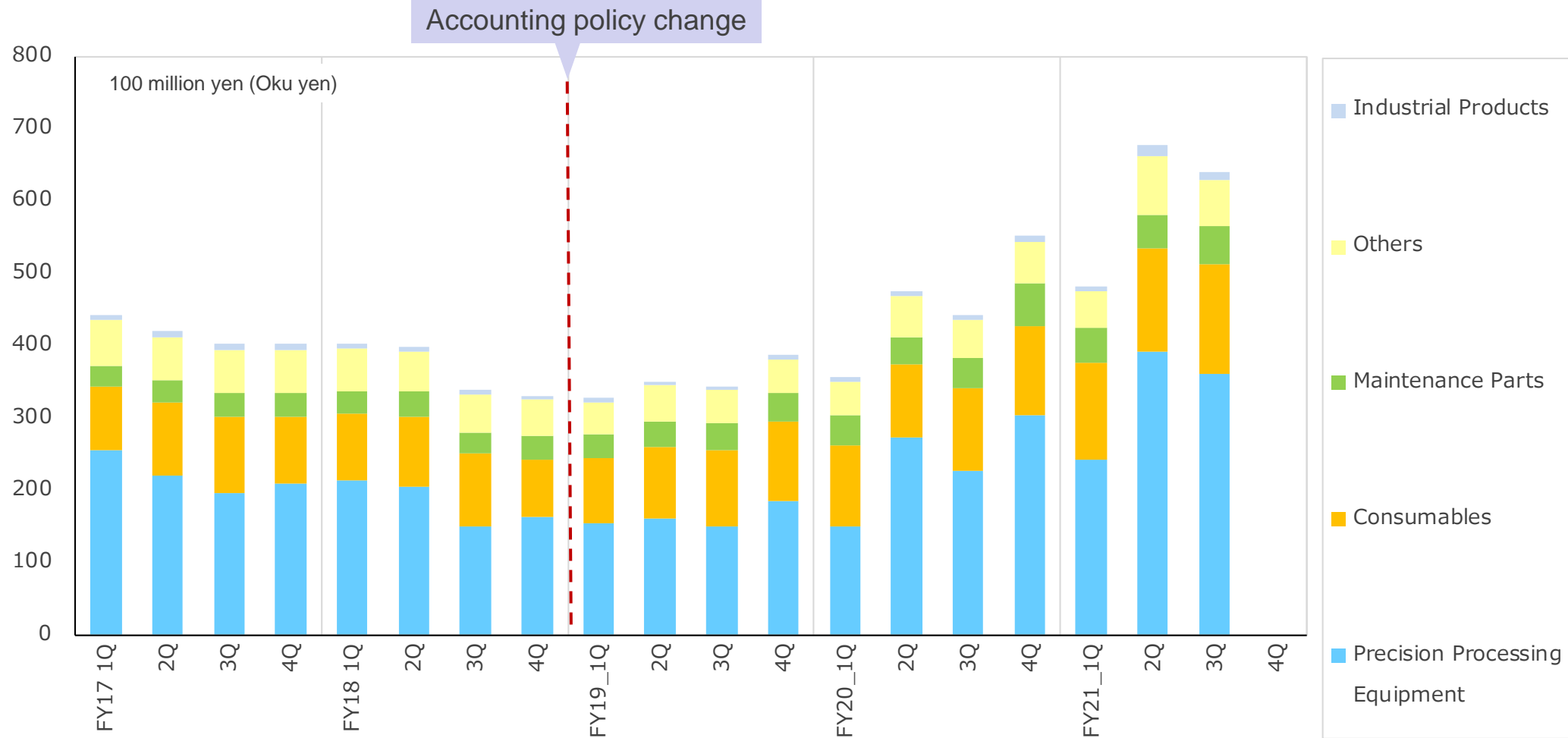


Due to the change in accounting policy, the timing of revenue recognition has been changed to Inspection/Acceptance Basis.



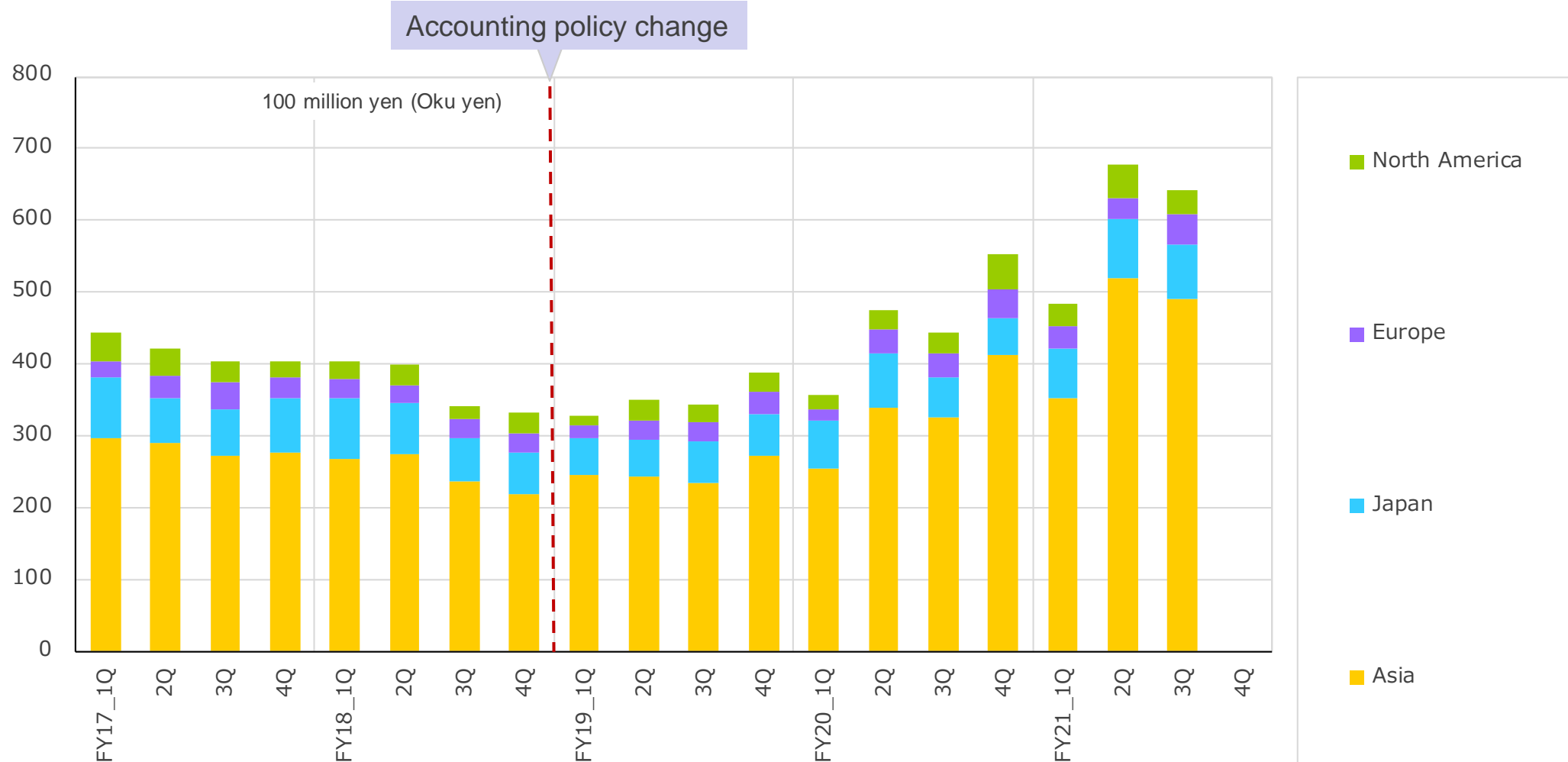
Profit margin continued to remain at a record high (on a quarterly basis)
 (FY21_3Q Operating profit margin 36.3%, Ordinary income 37.4%, Net profit 26.4%)

Quarterly Consolidated Sales Breakdown by Product



Note: Composition percentages are listed as additional information on the website.

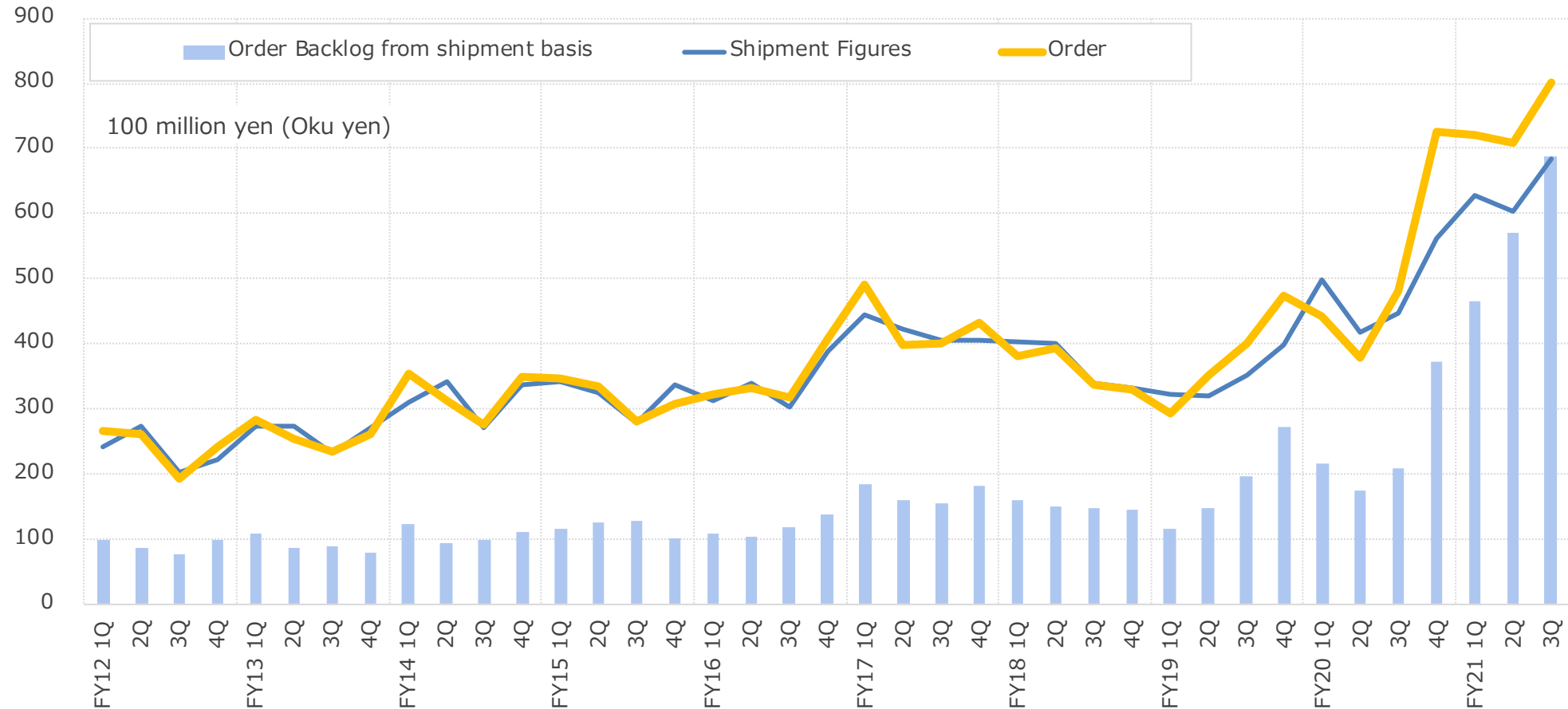
Consolidated Sales Breakdown by Region



Overseas sales accounted for 88.2% of the total sales.

Quarterly Consolidated Shipment/Orders

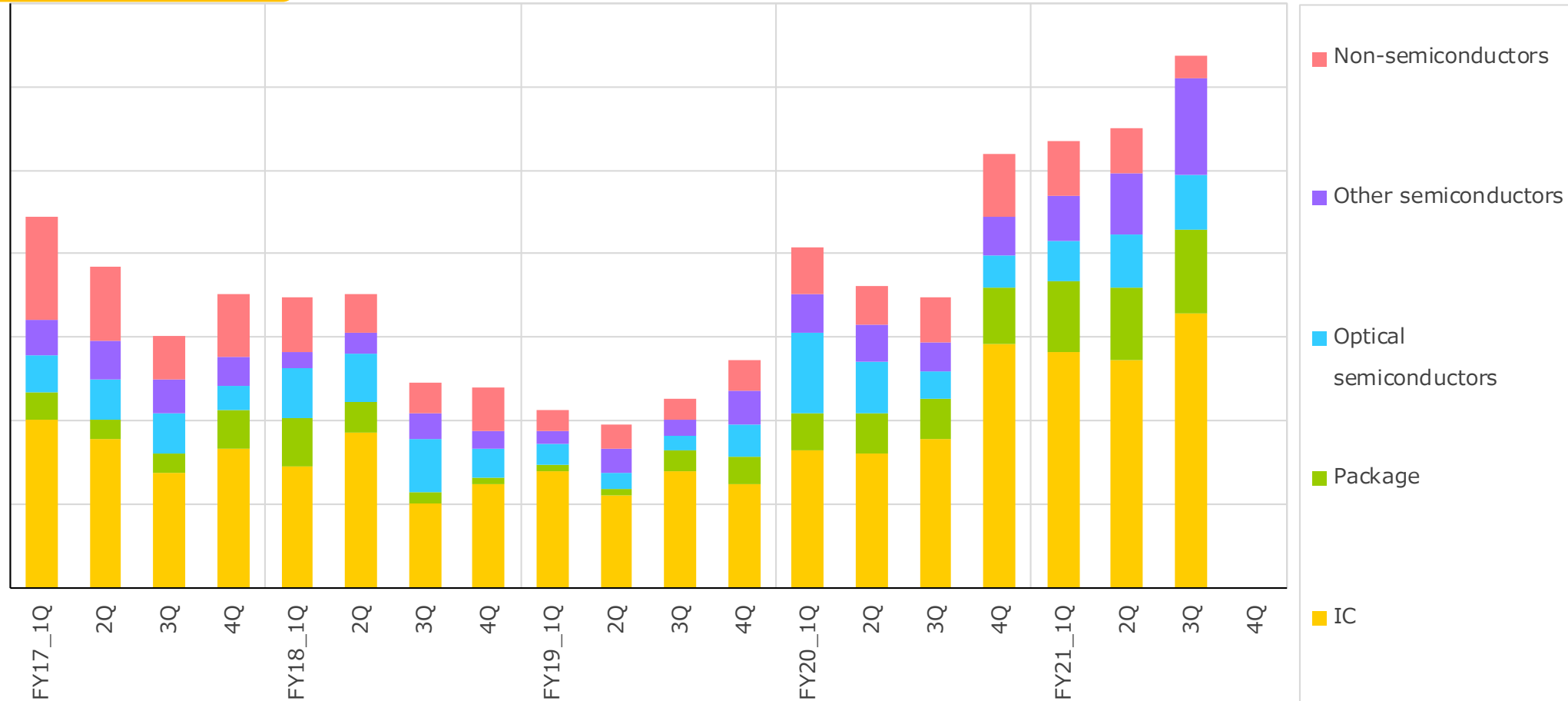
Shipment Basis



Orders for 3Q in FY21: Approx. JPY 80,000 million,
 Shipments: Approx. JPY 68,400 million,
 Order backlog: Approx. JPY 68,600 million (shipped amount excluded)

Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis

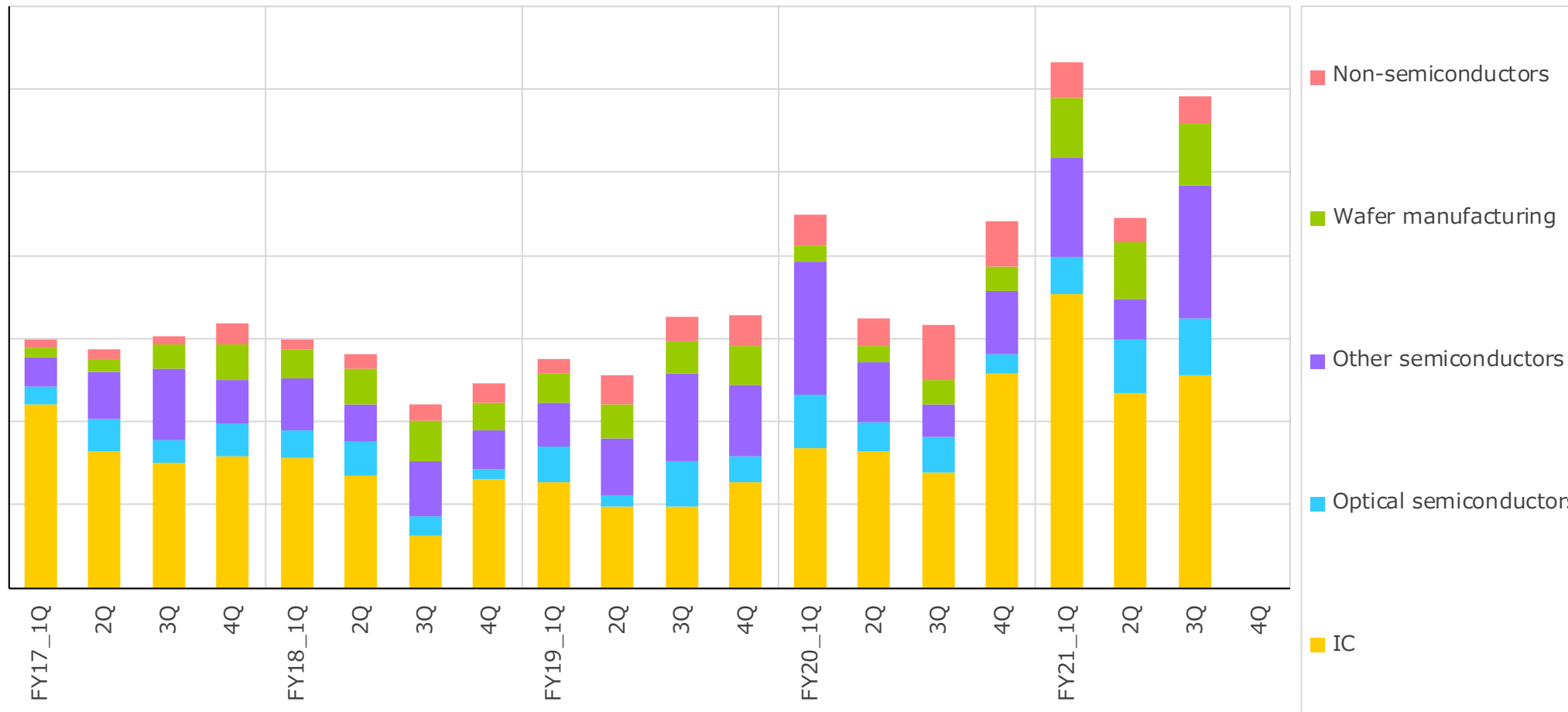


QoQ: In addition to the steady demand for IC, growth in power semiconductors (other semiconductors) supported the whole.

YoY: Increased for almost all applications with the expansion of semiconductor demand for a wide range of applications.

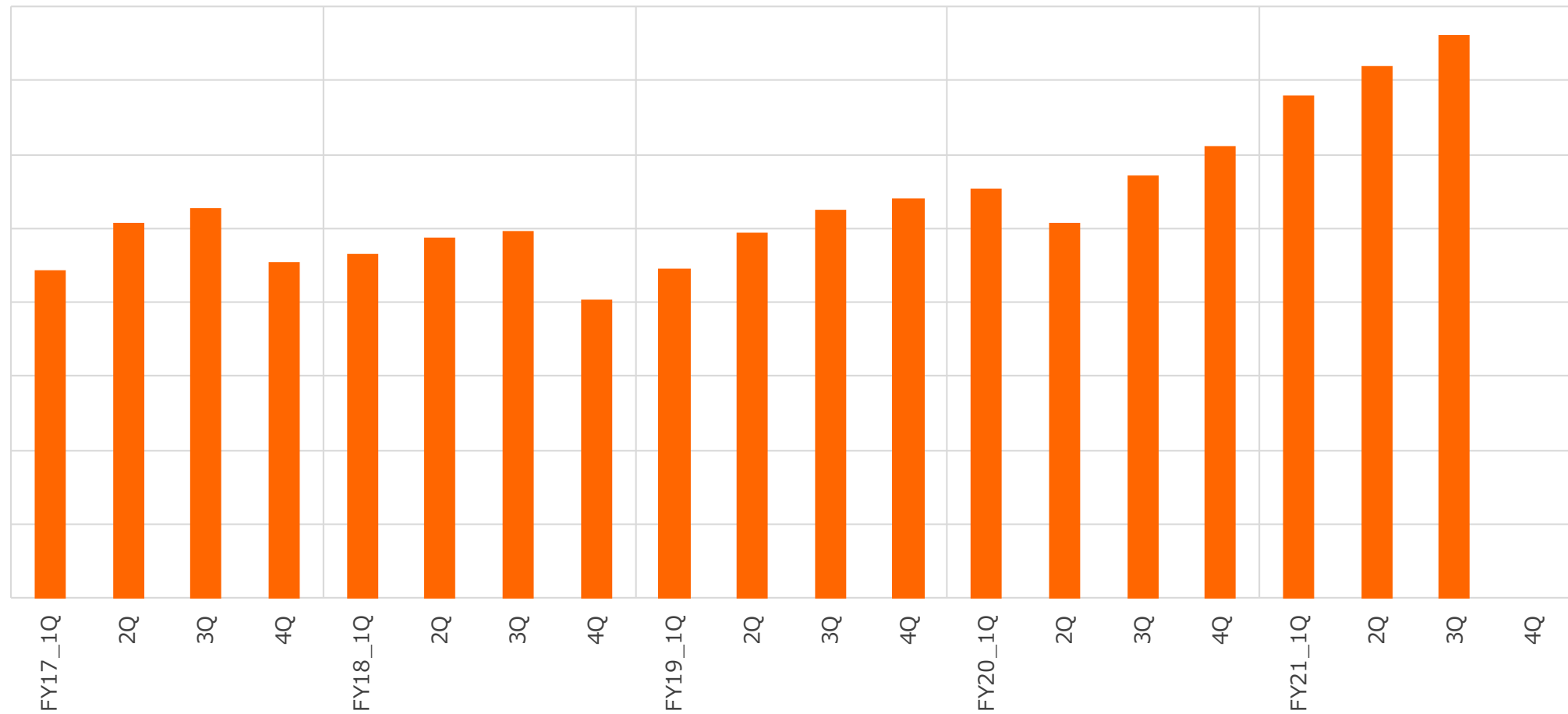
Non-consolidated Sales by Usage of Grinders

Shipment Basis



QoQ: Growth in power semiconductors (other semiconductors) supported the whole.
 YoY: Increased for almost all applications with the expansion of demand for thinning.

Consolidated Consumable Sales



Consumable shipments remained steady, supported by high customer facility operation rates (record high for the fifth quarter in a row).

Balance Sheet (Summary)

Millions of Yen	FY2021 3Q	FY2021 2Q	Amount
Cash and deposits	130,217	112,884	17,333
Notes and account receivable	36,324	37,610	-1,286
Inventories	66,656	61,700	4,955
Total current assets	241,376	218,314	23,063
Property, plant and equipment	117,295	113,956	3,339
Total noncurrent assets	130,403	126,264	4,139
Total assets	371,780	344,578	27,202
Current liabilities	99,579	82,819	16,760
Noncurrent liabilities	714	740	-26
Total liabilities	100,293	83,559	16,734
Total net assets	271,486	261,018	10,468
Total liabilities and net assets	371,780	344,578	27,202
Equity Ratio	72.7%	75.4%	-2.7p

Total assets: Cash and deposits increased, reflecting shipment and inspection/acceptance trends.

Liabilities: Increased mainly due to an increase in accounts payable.

Net assets: Increased mainly due to an increase in earned surplus.

Earnings Forecast 4Q FY2021



100 million yen (Oku yen)

Forecast

	FY20 1Q	2Q	3Q	4Q	FY21 1Q	2Q	3Q	4Q
Net Sales	357	476	444	552	483	678	642	628
Operating Income	93	141	133	164	154	245	233	200
Ordinary Income	91	140	128	177	148	251	240	203
Net Income	65	101	90	135	106	180	169	147
Operating Income Margin	26.0%	29.6%	30.0%	29.7%	32.0%	36.2%	36.3%	31.9%
Ordinary Income Margin	25.6%	29.5%	28.7%	32.1%	30.5%	37.1%	37.4%	32.3%
Net Income Margin	18.2%	21.3%	20.3%	24.4%	21.9%	26.6%	26.4%	23.4%
Shipment Figures	499	418	446	562	627	604	684	639

Assumed exchange rate: USD: JPY 105 Euro: JPY 120

Foreign exchange sensitivity (consolidated and annualized): USD: Approx. JPY 1,200 million Euro: Approx. JPY 30 million

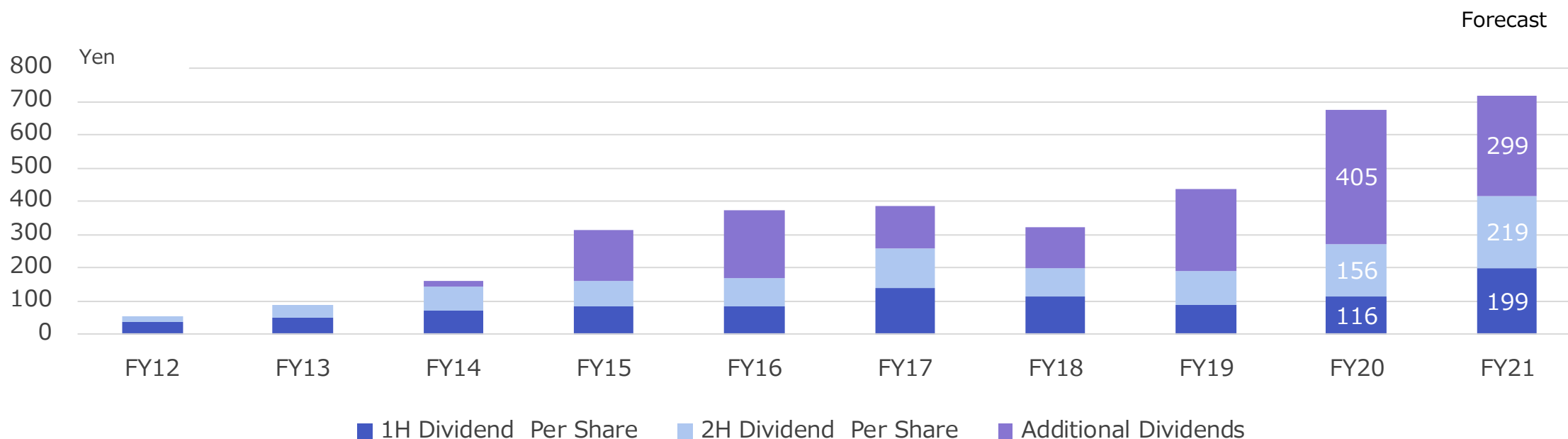
Dividend Policy and Dividend Payments

Dividend Policy

- Decisions concerning the distribution of surpluses are made at the general shareholders meetings, in the case of final dividends, and by the Board of Directors, in the case of interim dividends.
- 1. Adopting a performance-linked dividend policy and aiming at giving clearer priority to shareholder returns, our target dividend payout ratio is 25% of the consolidated half-yearly net income. There will be interim and final dividends, each of which will be equivalent to 25% of the half-yearly consolidated net income.
- 2. Irrespective of the level of income, a reliable dividend of ¥10 per half-year will be maintained. This means that the minimum yearly dividend will be ¥20.
- 3. Unless there is a loss, if the year-end balance of cash and deposits after payment of dividends and income taxes is greater than the projected funding requirements for the acquisition of technology resources, such as through patent purchases and investments in venture businesses, facility expansion, the retirement of interest-bearing debt, and other purposes, one-third of that surplus will be added to dividends.

[Remarks]

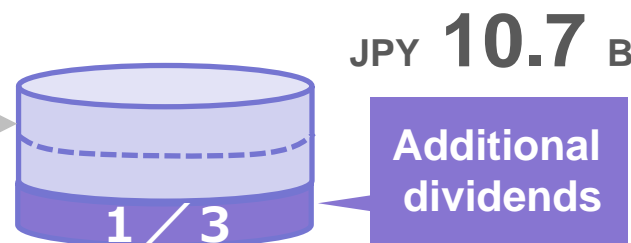
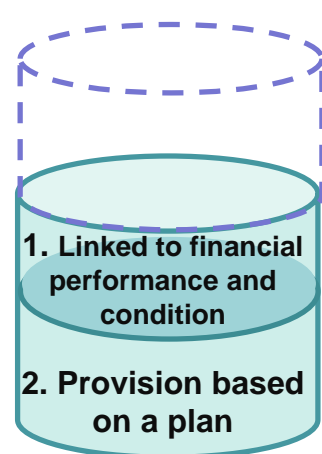
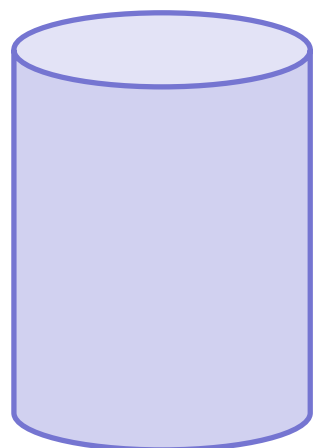
The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses for three consecutive years.



FY21 2Q (actual figure) JPY199
 4Q (expected) JPY518 Breakdown: Performance-based JPY219 Additional dividends JPY299
 Yearly (expected) JPY717

Current Forecast

Year-end balance JPY 93.1 B * 1	-	Necessary funds JPY 60.8 B	=	Surplus funds JPY 32.3 B
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Contents of necessary funds:

	Operating funds [Previous year Consolidated sales ÷ 12 months x 2]	JPY 40.5 B
1	Technical purchases (including M&A) [Consolidated sales Average of past 3 years x 10%]	- * 2
	Refund of interest bearing debt	-
	Taxes and dividends	JPY 16.1 B
2	Facility expansion [Office expansion, other]	JPY 4.2 B

*1 Planned payment amount for purchase of real estate in Tokyo (about JPY 28 B) and amount for contract liabilities (advances received) have been deducted.

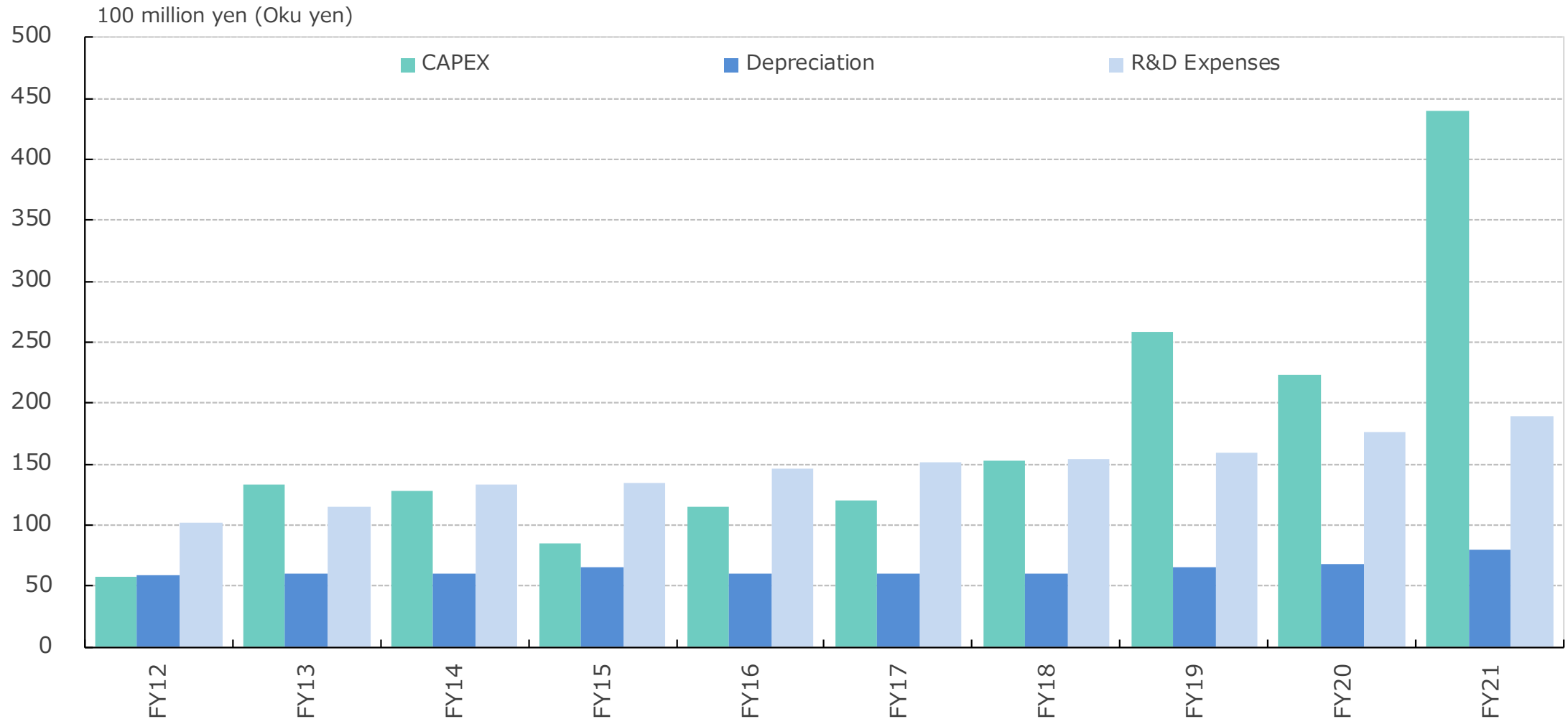
*2 Reserve fund for technology purchases was used since the real estate acquisition was a technology-related expense.

Sales Forecast By Product

Shipment Basis

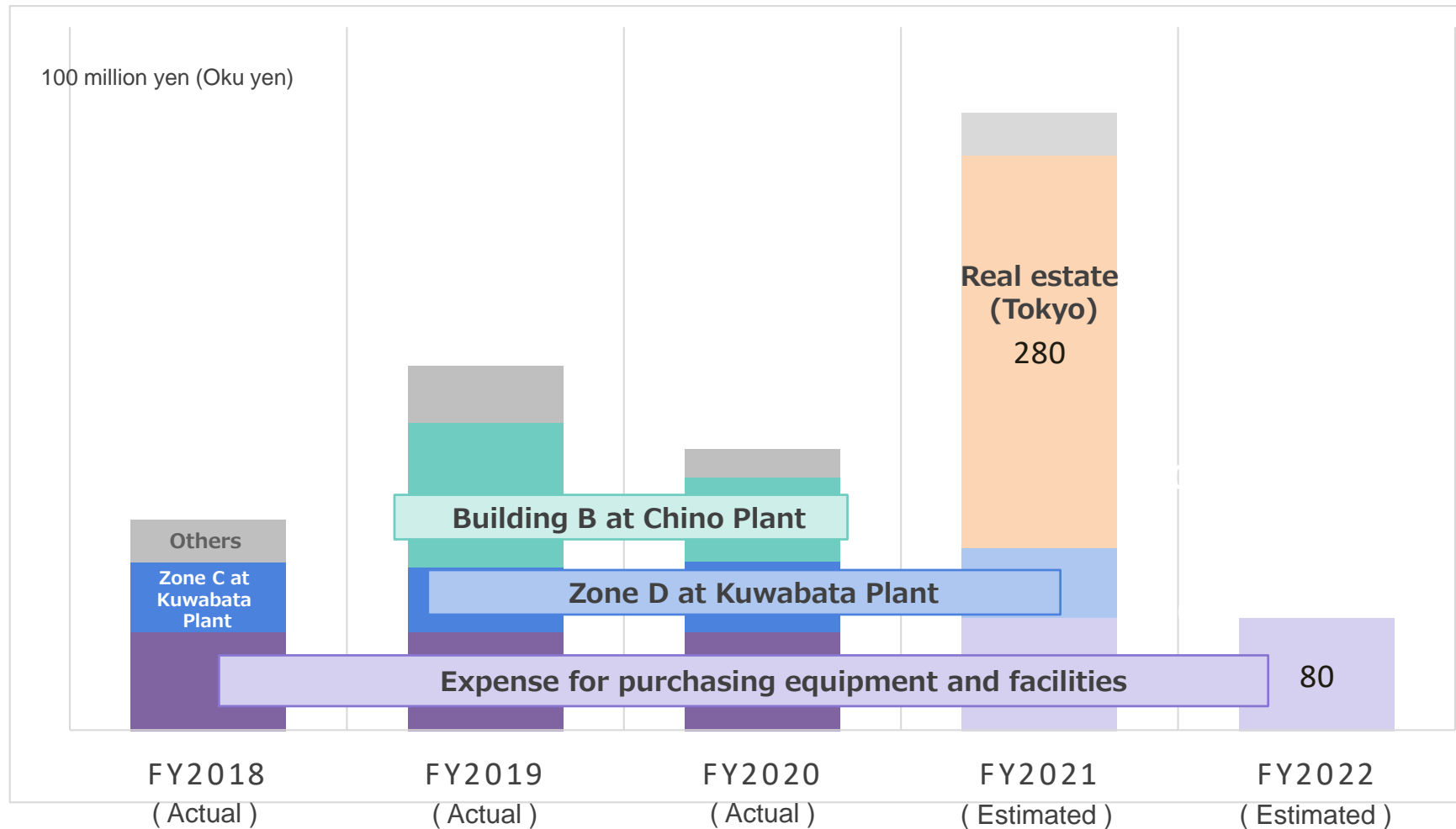
QoQ		Forecast FY21_4Q
	Blade dicers	Slight increase
	Laser Saws	0%
Dicers		Slight increase
	DGP (for thin wafers)	-10%
	Other Grinders	0%
Grinders		-5%
Precision Processing Equipment		0%
Consumables		-10%
Others		-20%

R&D/CAPEX Forecast



FY21 Forecast CAPEX: Plant expansion, etc., real estate in Tokyo to be acquired. Approx. JPY 44 B (FY20 actual figure JPY22.3 B)
 Depreciation: Increase in depreciation from the previous year is forecasted. Approx. JPY 8 B (FY20 actual figure JPY6.8 B)
 Research and Development: Proactive research and development planned. Approx. JPY 19 B (FY20 actual figure JPY17.5 B)

CAPEX Expenses



FY21 Forecast

Expenses related to equipment and facility purchases:
 Zone D at Kuwabata Plant : Final payment at completion
 Real estate (Ota-ku, Tokyo): Funding for aquisition

Approx. JPY 8 B
 Approx. JPY 5 B
 Approx. JPY 28 B